

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DB STRUCTURED PRODUCTS, INC.,

Plaintiff,

-against-

GREAT NORTHERN FINANCIAL GROUP, INC.,

Defendant.

ECF CASE

Civ. No.: 07-cv-4122 (DLC)

**REPLY TO
COUNTERCLAIMS**

Plaintiff DB Structured Products, Inc. ("DBSP" or "Plaintiff"), by its attorneys, Thacher Proffitt & Wood LLP, for its reply to Great Northern Financial Group, Inc.'s ("Great Northern" or "Defendant") Counterclaims responds as follows:

ANSWER TO FIRST COUNTERCLAIM

1. There is no response necessary to paragraph 26 of Defendant's First Counterclaim because it is a summary of Defendant's Answer and Affirmative Defenses. To the extent that a response is necessary, Plaintiff realleges the allegations of Plaintiff's Complaint.

2. Plaintiff denies the allegation set forth in paragraph 27 of Defendant's First Counterclaim.

3. Plaintiff denies the allegation set forth in paragraph 28 of Defendant's First Counterclaim.

4. Plaintiff denies the allegation set forth in paragraph 29 of Defendant's First Counterclaim.

5. Plaintiff denies the allegation set forth in paragraph 30 of Defendant's First Counterclaim.

ANSWER TO SECOND COUNTERCLAIM

6. There is no response necessary to paragraph 31 of Defendant's Second Counterclaim because it is summary in nature. To the extent that a response is necessary, Plaintiff repeats and realleges its prior responses that correspond to this allegation.

7. Plaintiff denies the allegation set forth in paragraph 32 of Defendant's Second Counterclaim.

8. Plaintiff denies the allegations set forth in paragraph 33 of Defendant's Second Counterclaim.

9. Plaintiff denies the allegation in Paragraph 34 of the Defendant's Second Counterclaim.

10. Plaintiff denies the allegation in paragraph 35 of the Defendant's Second Counterclaim.

ANSWER TO THIRD COUNTERCLAIM

11. There is no response necessary to paragraph 36 of Defendant's Third Counterclaim as it is summary in nature. To the extent that a response is necessary, Plaintiff repeats and realleges its prior responses that correspond to these allegations.

12. Plaintiff denies the allegation in paragraph 37 of the Defendant's Third Counterclaim.

13. Plaintiff denies the allegation in paragraph 38 of the Defendant's Third Counterclaim.

14. Plaintiff denies the allegation in paragraph 39 of the Defendant's Third Counterclaim.

15. Plaintiff denies the allegation in paragraph 40 of the Defendant's Third Counterclaim.

16. Plaintiff denies the allegation in paragraph 41 of the Defendant's Third Counterclaim.

17. Plaintiff denies the allegation in paragraph 42 of the Defendant's Third Counterclaim.

* * *

FIRST AFFIRMATIVE DEFENSE

18. Defendant's Counterclaims fail to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

19. Defendant's damages, if any, were proximately caused by Defendant's own conduct.

THIRD AFFIRMATIVE DEFENSE

20. Defendant's Counterclaims are barred based on the doctrines of estoppel, waiver and laches.

FOURTH AFFIRMATIVE DEFENSE

21. Defendant's Counterclaims are barred because Defendant failed to meet certain conditions precedent.

WHEREFORE, DBSP demands judgment against Great Northern, dismissing its Counterclaims with prejudice, and granting such other and further relief as the Court deems just and proper.

Dated: New York, New York
August 21, 2007

THACHER PROFFITT & WOOD LLP

By: /s/ John P. Doherty

John P. Doherty
Richard F. Hans
Kerry Ford Cunningham
Brendan E. Zahner
Two World Financial Center
New York, New York 10281
(212) 912-7400

Attorneys for DB Structured Products, Inc.